

**QUALIFICATION
PROCEDURES
FOR CONTRACTORS**

Policy and Guidelines

Enquiries regarding amendments, suggestions, comments or the distribution of this document are to be directed to:

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Part I. General Information

1. Purpose

The purpose of these procedures is to provide an administrative routine for prequalification of contractors to ensure that any contractor that wishes to bid on a construction or maintenance contract called for tender by the Ministry of Transportation of Ontario (MTO) has the financial resources and adequate technical and managerial skills to satisfactorily perform the work within the specified time should the contractor be awarded the contract.

These procedures have been prepared to serve the purpose of the MTO. They should not be relied upon to serve any other purpose.

2. Governance

The qualification procedures described in this document are governed by the Ministry's Qualification Committee, appointed by the Minister.

The Qualification Committee supports the Ministry's Procurement Process by implementing, applying and enforcing the qualification procedures for contractors and engineering service providers.

Details regarding the Qualification Committee's role, purpose, mandate, membership and structure are accessible in the most recent edition of the "Qualification Committee Procedures" document. This document is available for download on the [Ministry of Transportation's Technical Publications website](#).

3. Scope

Any contractor that wishes to bid on a Qualified Contract shall be prequalified with MTO in accordance with these procedures.

Qualified Contracts shall include:

- all structural coating and electrical contracts;
- other construction and maintenance contracts with an estimated annual value equal or greater than \$1,000,000.

A Rated Contractor that is under sanction as per Section 8, Sanctions, of these procedures must prequalify for Non-Qualified Contracts using its Available Financial Rating and or its Available Maximum Workload Rating.

Non-Qualified Contracts shall include:

- construction and maintenance contracts with an estimated annual value of less than \$1,000,000; or
- construction and maintenance contracts exempted by the Director, Standards and Specifications Branch.

Contracts to which these procedures apply shall be indicated in the notice advertising the call for tenders as set out in Section 29, Notice to Contractors.

4. Qualification

Contractors wishing to bid on a contract governed by these procedures shall submit annually information outlined in Section 21, Information to be Submitted for Annual Qualification, to the Qualification Control Unit, Contract Management Office, MTO within three (3) months after the contractor's fiscal year end.

Contractors will be granted a rating by the Qualification Control Unit, Contract Management Office, MTO on the basis explained in these procedures and notified of such rating in writing.

4.1. Expiry of a Rated Contractor's Designation

A contractor that does not maintain a continuous Basic Financial Rating or Tier Financial Rating and does not submit its annual Contractor Registration Form (CRF) for more than three (3) consecutive years shall be removed as a Rated Contractor and must reapply as a new applicant.

4.2. New Applicants

When a new applicant completes a CRF to become a Rated Contractor, the Ministry will accept the CRF based on the latest financial statements. The financial statements shall be dated not more than 15 months prior to the date of application and must be submitted along with the CRF.

5. Confidentiality

The qualification of contractors is solely for the contract award purpose of MTO's construction and maintenance contracts. Information provided for this purpose will be retained by MTO and not disclosed to any other party unless legally required to do so in accordance with Freedom of Information and Protection of Privacy Act (FIPPA) requirements and procedures.

If there is an access request made under the FIPPA, an important criterion for providing information is whether it was submitted explicitly in confidence. Therefore, it is recommended that highly sensitive information is submitted with the caption 'provided in confidence' included in the document.

6. Investigation by the Ministry

The Ministry may at any time, carry out investigations in respect of the information submitted by a contractor. These investigations may include communication with other owners by whom the contractor has been awarded contracts, direct communication with the contractor's auditors, principal bank and bonding agent, examination of the contractor's books, accounts, documents and other records. Where such investigations reveal that the rating obtained under these procedures is inconsistent with the contractor's financial circumstances, the rating may be adjusted in keeping with the principles on which these procedures are based.

7. Fraudulent, False, Deceptive or Misleading Statements

Any contractor or contractor's employee or agent makes or causes to be made any fraudulent, false, deceptive or misleading statement under these procedures or on any documents relating to a tender or to a contract with the Ministry or a contract in which the Ministry has some direct or indirect financial interest, may be prohibited from bidding on contracts for a period of time determined by the Ministry or may have its Basic Financial Rating or Tier Financial Rating adjusted in accordance with procedures described in Section 8, Sanctions and/or Section 10, Experience.

8. Sanctions

Any sanction issued by the Qualification Committee related to these procedures shall be considered in calculating the contractor's Basic Financial Rating or Tier Financial Rating and/or Maximum Workload Basic Rating, in any or all classifications of work, for a period of time determined by the Qualification Committee.

At the discretion of the Qualification Committee a sanction, disqualification, suspension, or revocation from bidding may be applied to any company that falls under the definition of Common Ownership.

A Rated Contractor under sanction with the Ministry will not be allowed to obtain a Basic Financial Rating or Tier Financial Rating for any other company that falls under the definition of Common Ownership or include it in its Consolidated Financial Statements or Combined Financial Statements.

9. Classifications of Work

Contractors may be rated in the following classifications of work and shall be given a Basic Financial Rating or Tier Financial Rating, as applicable, for the classification(s) of work in which they have proven experience, in accordance with Section 10, Experience:

Classifications of Work with Basic Financial Rating	Classification of Work with Tier Financial Rating
GR - General Road Contract Grading, Drainage, Granular Base, Hot Mix Paving, Concrete Paving	AM – Area Maintenance Area Maintenance (AM) Contracts
S - Structure Contract All Structure Work	
E - Electrical Contract High Mast Lighting Advance Traffic Management System Regular Maintenance	
SC - Structural Coating Contract Structure Coating	
GM - General Maintenance Contract Noise Barrier Wall, Fencing, Landscaping	

10. Experience

A Rated Contractor or new applicant must demonstrate its ability to do satisfactory work in the related classification(s) of work before it will be given a Basic Financial Rating or Tier Financial Rating.

Contractors seeking prequalification in the work classifications that are subject to the Basic Financial Rating shall demonstrate relevant work experience of at least three (3) successfully completed construction projects within the past five (5) years for road authorities and/or other public and private sector organizations.

After consideration of the contractor’s experiences and relevant work appraisals, the Ministry may reduce the contractor’s Basic Financial Rating as follows:

Table 1: Experience

A contractor with a demonstrated record of successfully completed related work as a contractor for a road authority may receive a maximum reduction of the Basic Financial Rating for experience of up to:	50%
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A contractor with a demonstrated record of successfully completed related work as a subcontractor for a road authority may receive a maximum reduction of the Basic Financial Rating for experience of up to:	70%
A contractor that has not demonstrated its ability to perform satisfactory work in a classification of work may receive a maximum reduction of the Basic Financial Rating for experience of up to:	100%

Contractors seeking prequalification in the Area Maintenance (AM) work classification shall demonstrate relevant winter and summer maintenance experience for at least one (1) successfully completed maintenance project for a road authority within the past five (5) years that is of a similar size and complexity to the Ministry’s AM Contract. The Ministry shall evaluate this experience and determine the contractor’s Tier Financial Rating as outlined in Section 26, Tier Financial Rating, of these procedures.

The contractor or the Ministry may request a review at any time of the contractor’s experience. The Ministry will review the contractor’s experience and may adjust the contractor’s experience restriction accordingly.

A Rated Contractor cannot have its Adjusted Financial Rating or Tier Financial Rating increased under this section where an adjustment to its current rating under Section 8, Sanctions, has been applied and/or a Maximum Workload Rating has been applied.

Corporate reorganization and material changes in the ownership of a corporation may affect the ability of the corporation to do work for the Ministry. Contractors must notify the Qualification Control Unit, Contract Management Office, MTO of any corporate reorganization and or changes in ownership. The Ministry will review the changes and may adjust the experience restriction accordingly.

11. Available Financial Rating

In determining the Available Financial Rating, all construction and maintenance work the contractor agreed to undertake or has been recorded as low bidder, whether called by the Ministry, other government organizations, municipalities or private developers/owners, must be included.

In determining the Available Tier Financial Rating, a contractor must include the calendar year’s lump sum value of the Ministry’s AM Contracts the contractor has agreed to undertake or has been recorded as a low bidder.

The contractor shall determine its Available Financial Rating or Available Tier Financial

Rating prior to the time the contractor's bid is opened for which the rating is required. It is the contractor's responsibility to ensure that it has sufficient Available Financial Rating or Available Tier Financial Rating prior to Tender Closing. If the contractor determines that it does not have sufficient Available Financial Rating or Available Tier Financial Rating for a contract they have been approved to bid, they shall notify the Ministry immediately.

A contractor shall not be awarded a Ministry contract if it does not have the required Available Financial Rating or Available Tier Financial Rating.

12. Contractor Registry

Contractors are to submit the required information using the Registry, Appraisal & Qualification System hosted by the Ministry's Service Provider, MERX, at www.raqs.merx.com. The system is used to register contractors interested in providing services to MTO. The system allows the CRF, Tender Registration Form (TRF) and performance information to be submitted and viewed electronically.

13. Disclaimer

The decision to approve or reject any submission for qualification is at the absolute discretion of the Ministry.

The Ministry is not liable for any costs or damages incurred in the exercise of such discretion.

The Qualification Procedures for Contractors was developed for the Ministry's internal purposes only. The Ministry does not represent or warrant that Rated Contractors are technically capable to perform work for others.

14. No Guarantee of Work

The Ministry does not guarantee, warrant or otherwise represent that work of any kind or quantity will be offered to any contractors. Qualification only determines a contractor's eligibility to participate in a Procurement Process.

Part II: Contractor Prequalification Exclusion

15. Role of the Qualification Committee

The Qualification Committee is delegated the responsibility of implementing, applying and enforcing the provisions inserted in the Qualification Procedures for Contractors in respect of Contractor Prequalification Exclusion. In this regard, the Qualification Committee shall have regard to this section for the implementation of the Contractor Prequalification Exclusion, including the purpose of the policy and its considerations.

16. Purpose of the Prequalification Exclusion Policy

Application of Ministry resources to deal with extra-ordinary demands on contract management is deemed to have a negative impact on the equity, fairness and consistency of the business relationship between the Ministry and the contracting industry.

It is prudent for the Ministry to avoid the awarding of contracts to those contractors and related persons whose past performance demonstrates a significant increase in the level of management effort demanded by the Ministry and its representatives as demonstrated by among other things the issuance of Infractions or Notices of Default.

To provide further clarity to the foregoing, a decision to exclude a contractor from future bidding will involve a review of the one or more consideration(s) listed below as well as other relevant considerations outlined in this section.

17. Considerations

No TRF shall be issued to a contractor to whom the provisions of Part II of the Qualification Procedures for Contractors apply, unless the Qualification Committee has considered and is favourably satisfied, on a review of all the considerations below and the purpose of this policy as stated above, that the TRF should be issued.

The Qualification Committee will assess all the considerations described in this section, which are without limitation, the purpose of the policy, the considerations listed below and other aspects of the business relationship between the Ministry and the contractor, as the Qualification Committee considers appropriate, and the Qualification Committee may, in its absolute discretion, determine if the contractor will or will not qualify to be issued a TRF for any Ministry contract.

Consideration must be given to, but not be limited to:

A. Unpaid Court Awarded Costs

Unpaid Court costs awarded to His Majesty the King in right of Ontario or the Ministry irrespective of when the non-payment occurred.

B. Infractions

Infractions issued against the contractor in the three (3) years prior to the date that the Qualification Committee considers the matter.

C. Notices of Default issued by the Ministry

Notices of Default issued by the Ministry in the three years (3) prior to the date that the Qualification Committee considers the matter.

D. Notices of Default issued by the Contractor

Notices of Default that the contractor has issued against the Ministry in the three (3) years prior to the date that the Qualification Committee considers the matter.

E. Days Contractor has suspended or ceased to work on a project

The number of days that the contractor has suspended or ceased to work on a project in the three years (3) prior to the date that the Qualification Committee considers the matter.

F. Inability to work co-operatively

Contractor's demonstrated inability to work in a co-operative manner with the representatives of the Ministry and the consultants to the Ministry or inability to maintain open and co-operative communications preferable for the successful performance of other previous contracts.

In reviewing the Contractor's past performance, the Qualification Committee shall not re-evaluate any past performance forms completed by the Ministry, or any Contractor Performance Rating previously given to the Contractor by the Ministry.

G. Increased resources

An account of any increased staff, consultant and legal costs incurred in the administration of any previous contract.

18. Prequalification Exclusion Policy

Notwithstanding the provisions of Part V – Contractor Performance Rating, the Ministry may, in its absolute discretion, refuse to qualify or issue a TRF for any Ministry contract and thereby refuse to receive a tender or bid from any Contractor who receives an unfavourable assessment by the Ministry in respect of the Contractor's past performance on any other contract for work or services with the Ministry, which assessment may consider, in addition to any other method of assessing the performance of the Contractor and irrespective of the Contractor's performance rating described in Part V – Contractor Performance Rating, such matters as:

- i. the timeliness of the completion of the work and services,
- ii. the issuance of any Notice of Default,

- iii. the manner of the resolution of any disputes and whether such disputes were resolved in accordance with the prescribed provisions of the Contract; or,
- iv. the Contractor's overall management of previous work or services and its effect on the level of effort demanded of the Ministry and its representatives.

In exercising the absolute discretion described above, the Qualification Committee will be responsible for making a decision as to whether or not to refuse to qualify or issue a TRF to a Contractor to whom this provision applies and the Qualification Committee may direct that the Ministry not issue the Contractor a TRF for any Ministry contract(s) within a period of three (3) years from the date that the Qualification Committee considers the matter ("exclusion period"). At any time during the exclusion period, the Qualification Committee may, in its absolute discretion or upon a request from the Contractor, reconsider the exclusion period, and in exercising its absolute discretion, modify the exclusion period.

19. Definitions

While the definitions found in the Part VI – Glossary are applicable to provisions of the Part II – Contractor Prequalification Exclusion, for greater clarity in the interpretation of these provisions, the following definitions apply or repeat the definitions found in the Part VI – Glossary. References to the singular shall be considered to include the plural.

1. "Contractor" means
 - a. a person, corporation, partnership, limited partnership, trust, joint venture or other business association, or any combination thereof, who wishes to bid on any Ministry contract; or,
 - b. a person, corporation, partnership, limited partnership, trust, joint venture or other business association, or any combination thereof, who directly or indirectly and in whole or in part:
 - i) controls or is controlled by; or,
 - ii) has any beneficial or other interest in or in whom any beneficial or other interest is owned by, the entities referred to in Section 18, or any of them;
2. "Person Related" includes a person, corporation, partnership, limited partnership, trust, joint venture or other business association, or any combination thereof, which directly or indirectly and in whole or in part:
 - a. controls or is controlled by; or
 - b. has any beneficial or other interest in or in whom any beneficial or other

interest is owned by, the entities referred to in Section 18.

3. “Ministry” means His Majesty the King in right of Ontario, represented by the Minister of Transportation.

20. Consistent Interpretation

It is further understood that if there is a conflict between the provisions of Part II – Contractor Prequalification Exclusion and the provisions of any other part of the Qualification Procedures for Contractors, then the provisions of Part II – Contractor Prequalification Exclusion shall govern.

Part III: Annual Qualification Requirements

21. Information to be Submitted for Annual Qualification

Rated Contractors wishing to maintain a continuous Basic Financial Rating are required to submit the following information electronically once a year, within three (3) months after the contractor's fiscal year end:

- Contractor Registration Form;
- Audited Financial Statements or Reviewed Financial Statements;
- Applicable quality management system declaration form; and
- Tax Compliance Verification (TCV) number/TCV certificate and a Filing and Balance Confirmation (FBC) letter from the Canada Revenue Agency (CRA).

Rated Contractors wishing to maintain a continuous Tier Financial Rating are required to submit the following information electronically once a year, within three (3) months after the contractor's fiscal year end:

- Contractor Registration Form;
- Audited Financial Statements;
- Applicable quality management system declaration form;
- TCV number/TCV certificate and FBC letter from the CRA;
- MTO Financial Reference Letter; and
- AM Contract Business Plan.

The ministry may grant an extension of time up to five (5) months from the contractor's fiscal year end to renew the Rated Contractor's prequalification status while maintaining its Basic Financial Rating and/or Tier Financial Rating if:

- The extenuating circumstances prevent a Rated Contractor from submitting the information required to renew its rating within three (3) months after the contractor's fiscal year end; and
- A written request is made to the ministry within three (3) months after the contractor's fiscal year-end.

The Ministry may request additional information as needed for prequalification purposes.

22. Contractor Registration Form (CRF) and Supporting Information

A contractor wishing to obtain a Basic Financial Rating and/or Tier Financial Rating with the Ministry shall complete a CRF in [RAQS](#) and submit the following documents to the Ministry as an attachment to the CRF:

(1) Audited Financial Statements or Reviewed Financial Statements and related financial information for the Company as at the last fiscal year-end. The financial statements and the related information must be prepared and presented by an independent certified public accountant in accordance with generally accepted accounting principles.

The financial statements must include:

- i. The audit report or review report prepared by an independent certified public accountant;
- ii. A balance sheet;
- iii. An income statement;
- iv. A statement of retained earnings;
- v. A statement of cash flows; and
- vi. Supporting schedules and notes.

If the financial statements are stated in a non-Canadian currency, the contractor must provide supplementary information restating all items in the financial statements in Canadian currency.

An independent certified public accountant shall not be a director, officer, partner or employee of the company, or an affiliated company, or a partner or employee of any such director, officer, partner or employee. However, where the certified public accountant is a director of the company by reason of holding a nominal share, the statements may be acceptable, provided an approval in writing is obtained from the Ministry prior to the submission of the CRF.

(2) Relevant attestation form regarding the implementation of the Quality Management System that is intended to meet the quality requirements of Ministry’s specifications, special provisions and the Ontario Provincial Standards used in Ministry's contracts:

Name of the Form	Who Should be Using It
Annual Declaration: MTO Minimum Quality Management System	This form applies to contractors prequalified on a standalone or combined basis.
Annual Declaration for a Company with Subsidiaries: MTO Minimum Quality Management System	This form applies to contractors with subsidiaries under Memorandum of Agreement as described in Section 28, Companies Under Common Ownership.

Annual Declaration: ISO 9001 Quality Management Standard	This form applies to contractors with ISO 9001:2015 certification in construction and/or road maintenance services.
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Current versions of these documents can be downloaded from the [Ministry of Transportation Technical Publications website](#).

Contractors that operate a Quality Management System which complies with the requirements of the ISO 9001:2015, can submit a current copy of the ISO 9001:2015 Certificate of Registration in lieu of the ministry’s “Annual Declaration: ISO 9001 Quality Management Standard” form. The scope of the ISO certification must identify construction and/or road maintenance services to be considered by the Ministry.

(3) TCV number or a TCV certificate and FBC letter from the CRA to confirm compliance with provincial tax obligations, including those federally administered for Ontario.

- i. For corporations that are subject to the tax statutes in the Province of Ontario, the company shall complete the automated TCV process through the Ministry of Finance (MOF) online portal and submit the TCV number or TCV certificate to the MTO.

Instructions on how to complete the TCV process and receive a TCV number from the MOF can be downloaded from the [Ministry of Transportation Technical Publications website](#).

- ii. For corporations that are subject to Ontario corporate tax, the company shall request a FBC letter from the CRA. This will confirm if the contractor is compliant with federally administered provincial tax statutes.

A contractor wishing to obtain a Tier Financial Rating with the Ministry shall submit the following additional information:

(4) “MTO Financial Reference Letter” completed by the contractor’s primary financial institution(s) to provide the details on the contractor’s banking and credit facilities. This form can be downloaded from the [Ministry of Transportation Technical Publications website](#).

(5) AM Contract Business Plan that demonstrates the contractor’s ability to successfully deliver AM Contracts. The business plan shall not exceed 10 pages and must address the following areas:

Approach to the Delivery of AM Contracts	Provide details of the contractor's ability to deliver AM services to the Ministry in each of the following categories: <ul style="list-style-type: none"> a. Quality management b. Health and safety c. Environmental management d. Equipment resourcing e. Human resourcing
Financing Strategy and Operating Budget	Provide details of the financing strategy and operating budget (e.g. self-funded, related party, credit facilities etc.) and include self-determination of a maximum annual threshold for Ministry AM work.
Experience	Provide details of the AM work experience for the contractor and/or its management team.

A contractor, upon submission, certifies as to the truth and accuracy of all statements made and shall, upon request, submit any information in support of such statements as the Ministry may require.

23. Financial Statements

Only Audited Financial Statements or Reviewed Financial Statements, as applicable, that are submitted in the format prescribed in Section 22 will be accepted by the Ministry.

A contractor wishing to obtain a Basic Financial Rating with the Ministry shall submit Audited Financial Statements or Reviewed Financial Statements.

A contractor wishing to obtain a Tier Financial Rating with the Ministry shall submit Audited Financial Statements.

A contractor with Reviewed Financial Statements shall be restricted to an Adjusted Financial Rating of \$2,000,000. A reduction of a Rated Contractor's Basic Financial Rating due to imposed sanctions shall not be applied when calculating the Adjusted Financial Rating for this purpose.

24. Changes in Contractor's Financial Position

Any Rated Contractor wishing to have its Basic Financial Rating or Tier Financial Rating revised due to an improvement in its financial position, or a change in its organizational structure may submit once in its fiscal year, information in the same form and in the same manner as for its annual rating renewal.

If the Details of Equipment section in the CRF was completed in the annual renewal and, the contractor chooses to complete this section in the Interim Application, the value of all equipment will be reduced by one year.

The Ministry must receive the information at least 10 days prior to the date on which the interim Basic Financial Rating or Tier Financial Rating is to become effective. The revised rating shall be effective until the contractor's fiscal year-end statement becomes due.

A Rated Contractor cannot have its Basic Financial Rating or Tier Financial Rating increased under this section where an adjustment to its current rating under Section 8, Sanctions, has been applied and/or a Maximum Workload Rating has been applied.

25. Basic Financial Rating

Contractors shall be given a Basic Financial Rating for each Ministry-approved classification of work calculated as the sum of the following items:

For classifications **GR, S, GM**:

- (1) Net current assets multiplied by four (4).
- (2) The sum of the standard depreciated value of machinery and equipment and the net book value of all other fixed assets, multiplied by three (3).

For classification **E, SC**:

- (1) Net current assets multiplied by four (4).
- (2) The sum of the standard depreciated value of machinery and equipment and the net book value of all other fixed assets, multiplied by five (5).

Note: Net current assets are defined for the purpose of these procedures in Subsection 25.1, Net Current Assets.

25.1. Net Current Assets

For the purpose of these procedures, the term net current assets shall be defined as the difference between current assets and current liabilities and shall be positive if current assets exceed current liabilities and negative if current liabilities exceed current assets.

Current assets shall mean the sum of the following items:

- a) Cash on hand and in banks.
- b) Marketable Securities listed on a recognized stock exchange and bonds and debentures having a recognized public market (other than those issued by the company and its subsidiaries or affiliates) valued at fair market value.
- c) Accounts receivable, less an adequate allowance for doubtful accounts.
- d) Inventories of stock in trade valued at the lower of cost or market.
- e) Sums expended on incomplete contracts, less an adequate allowance for estimated losses on such contracts.
- f) Prepaid expenses but not deferred charges.
- g) Any other assets falling into the category of current assets under generally accepted accounting principles.

Notes and accounts receivable from officers, directors, partners, employees or shareholders shall not be allowed as current assets.

Current liabilities shall mean the sum of the following items:

- a) Due to bankers.
- b) Trade accounts payable.
- c) Taxes payable.
- d) Dividends payable.
- e) Accrued salaries and wages.
- f) Progress payments received on incomplete contracts.
- g) Portion of long-term indebtedness due to be liquidated within 12 months from date of financial statements.
- h) Income tax on hold back receivable.
- i) Any other liabilities falling into the category of current liabilities under generally accepted accounting principles.

25.2. Standard Depreciated Value of Machinery and Equipment

Machinery and equipment shall be deemed to depreciate at not less than depreciation obtained on a straight-line basis at a rate of 10% per annum. The maximum depreciation shall be assumed to be 60% of original cost, provided it is in good working condition. Depreciation arrived at on this basis shall be deducted from the original cost of the assets. The value thus obtained shall be further reduced by the principal amount of any bonds, debentures, liens or other encumbrances outstanding and not already deducted in calculating net current assets. The resulting amount shall be known as the standard depreciated value of machinery and equipment.

The CRF provides space to list various items of equipment owned by the company and will be used to calculate the standard depreciated value of the equipment. The standard

depreciated value will be used to calculate the Basic Financial Rating. (Note: The standard depreciated value need not be calculated provided the licensed public accountant certifies that the accumulated depreciation shown on the financial statement is not less than the amount required by these procedures.)

- 1) The amounts shown under Item 15, Equipment (Cost), and Item 16, Less Accumulated Depreciation on Equipment, in the CRF must agree with the books and regular financial statement of the company.

The amount shown under Item 15, Equipment (Cost), in the CRF must likewise agree with the total purchase price of equipment as shown in the “Details of Equipment (Item 15)” section in the CRF. Otherwise, the net book value will be used to calculate the Basic Financial Rating.

- 2) The standard depreciated value will be calculated using the age of the equipment as follows:

The age of equipment is determined based on the difference between the latest fiscal year and the year purchased.

Table 2: Standard Depreciated Value

Less than Two (2) Years old	Purchase Price * 90%
Two (2) Years old	Purchase Price * 80%
Three (3) Years old	Purchase Price * 70%
Four (4) Years old	Purchase Price * 60%
Five (5) Years old	Purchase Price * 50%
Six (6) Years old or more	Purchase Price * 40%

- 3) If the “Details of Equipment (Item 15)” section in the CRF was completed in the annual renewal and the contractor chooses to complete this section in the Interim Application, the value of all equipment is reduced by one (1) year.

25.3. Other Fixed Assets

The book value of all other fixed assets shall be reduced by the principal amount of any bonds, debentures, liens or other encumbrances outstanding and not already deducted in calculating net current assets.

25.4. Land

Only assets that form an integral part of the operation of the company shall be included in the calculation of the Basic Financial Rating.

Land used for investment purposes and included in Item 10, Land, on the CRF must be identified as such or shown under Item 18, Other Assets, on the CRF. Only assets identified as construction/business under Item 10, Land, will be used in the calculation of the Basic Financial Rating.

Gravel pits at cost less depletion should be included in Item 10, Land, in the CRF.

25.5. Long-Term Liabilities

For the purposes of these procedures long-term liabilities shall be treated as follows:

- a) Liens, mortgages and all other secured liabilities as stated in the financial statements not due to be retired within 12 months shall be shown under item 27 of the CRF and shall be used to reduce the net book value of equipment or the standard depreciated value of machinery and equipment.
- b) All unsecured liabilities to employees, directors, shareholders and related entities not due to be retired within 12 Months shall be shown under Item 28 of the CRF and will be used to reduce the net current assets unless a letter of deferral for 12 months from contractor’s fiscal year-end is signed by the relevant lender. The letter must accompany the financial statements.
- c) Unsecured liabilities not due to be retired within 12 months related to non-current portion of future income tax liabilities shall be shown under Item 29 in the CRF. The current portion of future income tax liabilities shall be shown under Item 21, Current Liabilities, of the CRF.

26. Tier Financial Rating

Contractors shall be given a Tier Financial Rating based on the assessment of the contractor’s financial strength and managerial and/or organizational experience:

Tier Financial Rating	Financial Test Results	Managerial and Organizational Experience
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Not Qualified	Passes <2 financial tests	Contractor does not demonstrate past managerial or organizational experience in maintenance contracts (or related services).
Tier 3 \$5 to \$25 Million	Passes 2 financial tests	Contractor demonstrates satisfactory relevant managerial or organizational experience in maintenance contracts (or related services) consistent with Tier 3 capacity.
Tier 2 >\$25 to \$60 Million	Passes 3 financial tests	Contractor demonstrates satisfactory relevant managerial or organizational experience in highway maintenance contracts consistent with Tier 2 capacity.
Tier 1 >\$60 Million	Passes 3 or 4 financial tests	Contractor demonstrates satisfactory relevant managerial and organizational experience in highway maintenance contracts consistent with Tier 1 capacity.

A Contractor's financial strength shall be assessed as follows based on the review of the contractor's Audited Financial Statements:

Financial Test	Pass	Fail
Current Ratio	1.0 or Greater	<1.0
Gross Margin	10 % or Greater	<10%
Shareholders' Equity	Positive Value	Negative Value
Debt to Equity Ratio	Up to 1.0	>1.0

The Tier Financial Rating shall represent the maximum annual value of AM Contracts that the contractor is able to undertake for the Ministry.

27. Supplementary Basic Financial Rating or Tier Financial Rating

A Rated Contractor may increase its Basic Financial Rating by up to 50% by depositing a certified cheque or irrevocable letter of credit with the Ministry.

A Rated Contractor may increase its Tier Financial Rating by submitting a certified cheque or irrevocable letter of credit valued at 10% of the required supplementary rating.

These funds shall be obtained from sources outside the company and shall not bind the company's assets in any manner whatsoever. The certified cheque or letter of credit shall be issued to the order of the Minister of Finance and shall not bear interest.

The funds shall not be refunded until the Qualification Control Unit, Contract

Management Office, MTO has given approval. Such approval shall not be given until the contractor's Available Financial Rating or Available Tier Financial Rating is a positive amount based on the contractor's own assets. An agreement to this effect shall be entered into between the guarantor, the Rated Contractor and the Ministry, and the said agreement must accompany the certified cheque or letter of credit.

A Rated Contractor must complete the "Application to Increase Rating" form. This form can be downloaded from the [Ministry of Transportation Technical Publications website](#).

The completed application and the funds must be presented to the Qualification Control Unit, Contract Management Office, MTO prior to the closing of acceptance of the TRF.

A Rated Contractor cannot increase its Basic Financial Rating or Tier Financial Rating under this section where an adjustment to its current rating under Section 8, Sanctions has been applied and/or a Maximum Workload Rating has been applied.

28. Companies Under Common Ownership

Rated Contractors may choose to select one of the following options in cases where companies under Common Ownership wish to bid on contracts governed by these procedures:

- 1) The parent company and its majority owned subsidiaries in which the parent company owns at least 51% of the common share capital may submit Consolidated Financial Statements and be rated on a consolidated basis. The following rules shall apply:
 - The fiscal year-end for each of the companies involved must be the same.
 - The consolidated basis for rating may not be changed without the written consent of the Qualification Control Unit, Contract Management Office, MTO.
 - TRFs, tender documents, contracts and bonds shall be signed and/or executed by the parent company unless the parent company guarantees the performance of the contract and signs a "Memorandum of Agreement" to be eligible to have tenders accepted in the name of a majority owned subsidiary(ies) that is(are) included in the consolidated Audited Financial Statements. A prior approval of the Ministry shall be obtained for this purpose.
- 2) A group of companies under Common Ownership may submit Combined Financial Statements and be rated on a combined basis. The following rules shall apply:

- The fiscal year end for each of the companies involved must be the same; and
 - The combined basis for rating may not be changed without the written consent of the Qualification Control Unit, Contract Management Office, MTO.
- 3) A group of companies under Common Ownership may apply for a separate rating for each company and use a portion of the Available Financial Rating or Available Tier Financial Rating for each company for the purpose of submitting a combined bid.
- Section 31, Joint Ventures or Joint Bids shall apply when Rated Contractors choose to use a portion of their Available Financial Rating or Available Tier Financial Rating for the purpose of submitting a Joint Bid.

In all cases the following shall apply:

- A new applicant under Common Ownership with the Rated Contractor will not be granted a Basic Financial Rating or Tier Financial Rating, where an adjustment to a Rated Contractor's Basic Financial Rating or Tier Financial Rating under Section 8, Sanctions, has been applied and/or a Maximum Workload Basic Rating has been applied and is current.
- TRFs will bear the names of the consolidated/combined company(ies) and must be executed by the company(ies) when submitting tenders on a Ministry contract.
- The consolidated/combined company(ies) shall execute the contract and shall be jointly and severally liable on all Ministry contracts if they are the successful bidder.

Part IV: Tender Registration

29. Notice to Contractors

Contracts upon which bids will be restricted to Rated Contractors will be indicated in the advertisement together with a requirement of the Contract Financial Rating and/or Maximum Workload Rating that a prospective bidder must have to submit a tender bid. The advertisement will be in the following format:

Example:

Classification of Work	Financial Rating		Maximum Workload Rating	
	Required Rating (\$) (must satisfy one)	Minimum Rating (\$) (must satisfy all)	Required Rating (\$) (must satisfy one)	Minimum Rating (\$) (must satisfy all)
GR-General Road	\$7,000,000	\$0	\$8,000,000	\$0
S-Structure	\$7,000,000	\$0	\$8,000,000	\$0

In this example the bids will only be accepted from contractors rated to perform work in classifications GR or S with a minimum Available Financial Rating in either GR or S of \$7,000,000 at the time of submitting the TRF. If a Maximum Workload Rating has been applied to a Rated Contractor due to a sanction, it must also have an Available Maximum Workload Rating of \$8,000,000.

The Contract Financial Rating or Maximum Workload Rating advertised is not the Ministry's estimate of the tender price.

30. Contract Tendering

30.1. Submission of the TRFs

A Rated Contractor wishing to bid on a Qualified Contract or Non-Qualified Contract, or AM Contract shall obtain the tendering material in accordance with the Instructions to Bidders.

On receipt of a TRF from a Rated Contractor, the Qualification Control Unit, Contract Management Office, MTO shall verify the TRF and, if such verification indicates that the Rated Contractor has an Available Financial Rating or Available Tier Financial Rating, and/or Available Maximum Workload Rating equal to or more than the advertised ratings, the Ministry shall approve the TRF and advise the Rated Contractor.

The TRF will not be accepted for tendering purposes after 12:00 noon of the last business day of the preceding week prior to the Tender Closing date (generally the Friday before Tender Closing).

The TRF must be completed for all Qualified Contracts, Non-Qualified Contracts and AM Contracts as of a date not earlier than four (4) weeks prior to the Tender Closing date to which it applies. Where the Tender Closing date is extended more than four weeks (4) beyond the original advertised Tender Closing date, the Rated Contractor may be required to submit an updated TRF.

30.2. Reporting Work-on-Hand

Rated Contractors must report/update their Work-on-Hand prior to submission of a TRF for a Qualified Contract or Non-Qualified Contract.

The AM Work-on-Hand must be used to calculate the Available Tier Financial Rating.

Projects for which work was completed or a Certificate of Substantial Completion has been published in accordance with the Construction Act are to be removed from the calculation of the Work-on-Hand or AM Work-on-Hand.

It is the Rated Contractor's responsibility to ensure that it has the required Contract Financial Rating at the time the Rated Contractor's bid is recorded on a Qualified Contract, Non-Qualified Contract, or AM Contract for which the Contract Financial rating is required.

30.3. Contractor Declaration

A Rated Contractor certifies by submitting a TRF that there has been no change in their financial position sufficient to cause a decrease of more than 25% in its Basic Financial Rating or a decrease in their Tier Financial Rating (for example, from Tier 2 to Tier 3).

In cases where such a decrease has occurred, the Rated Contractor shall submit, a statement signed by a licensed public accountant giving the details and the amount of the decrease which has taken place. Based on this statement, the Ministry shall make an immediate revision of the contractor's Basic Financial Rating or Tier Financial Rating. If the date of such revision is within three (3) months of the contractor's next financial year-end, the revised rating shall be effective until regular financial year-end statements become due. If the date of the revised rating is not within three (3) months of the next financial year-end, the Rated Contractor shall submit a new CRF within 30 days.

31. Joint Venture or Joint Bids

Under these procedures, Rated Contractors are permitted to qualify and bid on tenders as a Joint Venture or Joint Bid.

Each Rated Contractor must file with the Ministry a letter signed by a binding authority, identifying their percent responsibility for each tender and which Rated Contractor will be considered the lead contractor. Upon approval from the Qualification Control Unit, Contract Management Office, MTO, the lead contractor must submit the TRF on behalf

of the Joint Venture or Joint Bid.

All companies must, on a joint and several bases, absolutely, unconditionally and irrevocably be responsible for all obligations under the contract. If the companies do not form a corporation, all the companies must sign the contract upon execution.

Contract Performance Rating (CPR) and/or sanctions imposed by the Qualification Committee in accordance with Section 8, Sanction, will be applied equally to all Rated Contractors of the Joint Venture or Joint Bid.

31.1. TRF Submission

Contractors must identify on the TRF the percent responsibility for each Rated Contractor forming part of the Joint Venture or Joint Bid and which contractor will be considered the lead contractor.

The responsibilities of the lead contractor are as follows:

- Ensure all documentation is received for qualification purposes.
- Submits the tender bid prior to Tender Closing date and ensures the Ministry receives all documentation in a timely manner.
- Acknowledges and accepts responsibility as a "constructor" under the Occupational Health & Safety Act and that as between the lead contractor and the other participants in the bid, all participants recognize the lead contractor as the "constructor" under the Occupational Health & Safety Act.
- Operate as the agent to do or execute any act or thing necessary for the purpose of receiving and giving all payments notices, directions, etc. under the contract.

31.2. Reporting Work-on-Hand and Available Financial Rating

Each Joint Venture/Joint Bid contractor must report their Work-on-Hand and their Available Financial Rating.

Each Rated Contractor's Available Financial Rating must equal the Contract Financial Rating and Maximum Workload Rating, if applicable, multiplied by its reported percent responsibility. The total Available Financial Rating and Available Maximum Workload Rating, if applicable, of all Rated Contractors in the Joint Venture/Joint Bid must equal or exceed the Contract Financial Rating and/or Maximum Workload Rating as advertised on the tender. Where the contract requires a Contract Financial Rating in more than one classification, the combination of Rated Contractors Available Financial Ratings shall equal or exceed the Contract Financial Rating.

Example: Contract Financial Rating is: \$7,000,000 in S (Structure Contract)

Table 3: Example of Available Financial Rating

Qualified Bidder	% Responsibility	Available Financial Rating	Contract Financial Rating x % Responsibility
Company X	20	\$ 1,500,000	\$ 1,400,000
Company Y	50	\$ 4,400,000	\$ 3,500,000
Company Z	30	\$ 2,500,000	\$ 2,100,000
Total		\$ 8,400,000	\$7,000,000

Note: In this example, each qualified bidder does not meet the required Contract Financial Rating but in combination they do meet it.

Upon being recorded as low bidder, and before considering future bids, the Available Financial Ratings of each bidder in the joint venture or joint bid shall be reduced by the value of the work multiplied by the percent responsibility specified in the TRF declaration.

Upon award of the contract, each of the Rated Contractors shall be responsible for the percentage, as declared at the time of prequalification, of the actual contract value. This amount shall be deducted from the companies Available Financial Rating before considering future bids.

For the purpose of reporting Work-on-Hand, contractors are to multiply the value of the payment certificate by the percent responsibility declared at the time of pre-qualification. Example: Contract Total Tender and Supplementary Award Value = \$7,000,000

Table 4: Example Work-on-Hand Reporting

Rated Contractor	% Responsibility	Award Value x % Responsibility	Payment Certificate	Reported Work-on-Hand
			(\$ 1,500,000)	
Company X	20	\$ 1,400,000	\$ 300,000	\$ 1,100,000
Company Y	50	\$ 3,500,000	\$ 750,000	\$ 2,750,000
Company Z	30	\$ 2,100,000	\$ 450,000	\$ 1,650,000

Total	100	\$7,000,000	\$ 1,500,000
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32. Subcontracting

The responsibility for all subcontract work shall rest with the Rated Contractor. Where a Rated Contractor sublets a portion of a Ministry Contract to another contractor, the Rated Contractor shall not receive a credit for a subcontracted portion of work for the Work-on-Hand or AM Work-on-Hand purposes.

33. Multi-Year Contracts

Ministry contracts carry two ratings:

- Contract Financial Rating that is based on classification of work, value of the contract and complexity; and
- Maximum Workload Rating that is based on the value of work plus complexity.

For the purpose of Multi-Year Contracts, the Contract Financial Rating will be rated based on classification of work, highest estimated fiscal year expenditure and complexity.

Example: Total contract value plus complexity equals \$20,000,000
Highest estimated fiscal year expenditure:

Year 1 = \$7,000,000
Year 2 = \$10,000,000
Year 3 = \$3,000,000

A Rated Contractor would be required to have an Available Financial Rating equal to or exceeding the Contract Financial Rating of Year 2 (\$10,000,000). If the Qualification Committee imposed a Maximum Workload Rating, a Rated Contractor would be required to have an Available Maximum Workload Rating of \$20,000,000.

34. Reporting Multi-Year Contracts

For Multi-Year Contracts, Rated Contractors shall follow these procedures when reporting Work-on-Hand.

- a) Rated Contractors shall report the calendar year expenditure as Work-on-Hand at the time the Rated Contractor is recorded as a low bidder and at the beginning of each calendar year thereafter.
- b) The reported calendar year expenditure shall be used to report Work-on-Hand.

Example: Rated Contractor is read out as low bidder on June 1, 2020 on a three-year contract valued at \$20,000,000.

Projected fiscal expenditure and amount to be included in the Work-on-Hand:

Year one (June 1, 2020):	\$7,000,000
Year two (January 1, 2021):	\$10,000,000
Year three (January 1, 2022):	\$3,000,000

- c) Work that is not completed in the year stated shall be added to the reported expenditure in the following year and the combined total reported as Work-on-Hand.

Example: If progress payment certificates total \$16,000,000 for years one and two then \$1,000,000 is carried forward to year three. \$4,000,000 is then reported as Work-on-Hand in year three (January 1, 2022).

Part V. Contractor Performance Rating

35. Contractor Performance Index

Every contractor that completes Ministry work will have its performance evaluated and receive a Contractor Performance Index (CPI) rating annually. The CPI is based on a scale of zero to one hundred and is calculated as per below formula.

Contractors with a CPI of less than 70 will be evaluated by the Qualification Committee on an annual basis and any sanctions imposed by the Qualification Committee will be imposed as per Section 37, Integrated Infraction / Contractor Performance Rating System. The Qualification Committee decision to apply a sanction for substandard performance will start on or around April 1 each year for a period of 12 months.

Ministry Qualified Contracts and Non-Qualified Contracts will carry two qualifications ratings, a Contract Financial Rating and a Maximum Workload Rating. Contractors that receive notification of substandard performance must satisfy both ratings in accordance with these procedures to qualify to bid on Ministry Qualified Contract or Non-Qualified Contracts.

Approved Contract Performance Ratings (CPR) are averaged annually based on the calendar year (January 1 to December 31). A weighted average of the annual averaged CPR's for the preceding three (3) calendar years will be calculated on December 31 each year. The resulting calculation shall be known as the CPI.

The formula used to calculate the CPI is:

- Annual average in current year minus 1, times a weight of 3
- Annual average in current year minus 2, times a weight of 2
- Annual average in current year minus 3, times a weight of 1
- All divided by 6.

Note: If no contracts are rated in one of the three years, then the denominator is adjusted accordingly.

$$\frac{((CY-1) *3) + ((CY-2) *2) +((CY-3) *1)}{(3+2+1)} \quad \text{CY} = \text{Current Year}$$

36. Contractor Maximum Workload Rating

A Contractor Maximum Workload Rating is defined as the highest annual total dollar value of work awarded to a Rated Contractor in one of the five fiscal years (April to March) preceding the current fiscal year.

Example:

Year 1 = \$2,000,000

Year 2 = \$5,000,000

Year 3 = \$15,000,000 (Contractor Maximum Workload Rating)

Year 4 = \$3,000,000

Year 5 = \$6,500,000

37. Available Maximum Workload Rating

In determining the Available Maximum Workload Rating, all Ministry work that the Rated Contractor has agreed to undertake or is read as a low bidder must be included.

Therefore, a contractor's Available Maximum Workload Rating at any given time will be calculated by the following formula:

Available Maximum Workload Rating = Contractor Maximum Workload Rating –total value of all Ministry work awarded or read as a low bidder during the fiscal year the Maximum Workload Rating was imposed.

Example:

Maximum Workload Rating as of April 1, 2020	=	\$10,000,000
Awarded Ministry contracts between April 1, 2020 and August 30, 2020	=	<u>\$ 7,000,000</u>
Available Maximum Workload Rating	=	<u>\$ 3,000,000</u>

Note: Progress payments are not used to increase the Available Maximum Workload Rating.

A contractor shall not be awarded any Qualified Contract or Non-Qualified Contract for which it does not have the required Available Financial Rating/Available Tier Financial Rating and Available Maximum Workload Rating.

The contractor shall determine its Available Financial Rating/Available Tier Financial Rating and Available Maximum Workload Rating at the time the contractor's bid is recorded on the contract for which the rating is required. It is the contractor's responsibility to ensure that it has the required Available Financial Rating/Tier Financial Rating and Available Maximum Workload Rating at that time.

38. Integrated Infraction/Contractor Performance Rating System

The CPI is divided into three zones. Once a contractor's CPI is determined effective December 31st of a calendar year, the Qualification Committee will consider the CPI, the

zone in which it is located and take action as follows:

GREEN ZONE (70 TO 100)

If a contractor's CPI is greater than or equal to 70, the Qualification Committee will not take an action based on the CPI.

YELLOW ZONE (>55 TO <70)

If a contractor's CPI is less than 70 and greater than or equal to 55, the Qualification Committee may take any one or more of the following actions: issue a warning, require a written improvement plan and report back, or impose a sanction. For a CPI in the "Yellow Zone", the sanction is defined as: impose the Contractor Maximum Workload Rating calculated in accordance with Section 37, Contractor Maximum Workload Rating, and at the discretion of the Committee, a further reduction to the Contractor Maximum Workload Rating by up to 20%.

RED ZONE (35 TO 55)

If a contractor's CPI is less than 55, the Qualification Committee shall impose a sanction and may also require the presentation of an improvement plan and report back. The minimum sanction that will be applied is imposing the Contractor Maximum Workload Rating and further reducing it by a factor calculated linearly between 20% and 100% depending on its position in the zone (20% at 55 and 100% at 35). The Qualification Committee may impose additional administrative sanctions to improve performance or cause a positive change.

Part VI: Glossary

The following definitions apply for the purposes of these procedures:

Adjusted Financial Rating: The Basic Financial Rating less any reduction or restriction, because of sanctions or experience.

Area Maintenance (AM) Contract: A Qualified Contract for the provision of labour, materials and equipment with respect to maintenance work on the provincial highway network.

Area Maintenance (AM) Work-on-Hand: The number of AM Contracts awarded to the Rated Contractor, and the calendar year's lump sum value of these contracts.

Audited Financial Statements: Financial statements that have been examined by an independent certified public accountant in accordance with the acceptable auditing standards and upon which the independent certified public accountant has expressed an opinion on whether the financial statements are prepared, in all material respects, in accordance with an applicable financial reporting framework.

Available Financial Rating: A Rated Contractor's Available Financial Rating at any given time will be its Adjusted Financial Rating (or Basic Financial Rating if no adjustments have been made) less the total value of all work-on-hand at that time of submission as calculated on the Tender Registration Form, i.e. work on which the contractor has been recorded as low bidder and work that has been awarded to the contractor plus the total of all progress payment certificates submitted on that work.

Available Maximum Workload Rating: A Rated Contractor's Available Maximum Workload Rating at any given time will be Contractor Maximum Workload Rating less any reduction because of sanctions and less the total value of all Ministry work awarded during the fiscal year in which the sanction was imposed.

Available Tier Financial Rating: A Rated Contractor's Available Tier Financial Rating at any given time will be its Tier Financial Rating less the AM Work-on-Hand.

Basic Financial Rating: The rating with no reduction or restriction for sanctions, penalties or experience.

Combined Financial Statements: Financial statements presenting the financial results and financial positions of at least two companies under Common Ownership, and these companies do not have a parent-subsidary relationship.

Common Ownership: Corporations that are associated with each other under section 256 of the Income Tax Act (Canada).

For the purpose of these procedures the application of associated rules under section 256 of the Income Tax Act (Canada) is extended to include partnerships. Partnerships are deemed to be corporations with one class of voting shares.

Consolidated Financial Statements: Financial statements presenting the financial results and financial positions of a parent company and its subsidiary company(ies), in which the parent company owns at least 51% of the common share capital of each subsidiary.

Contractor's Maximum Workload Rating: The highest annual total dollar value of work awarded to a contractor in one of the five fiscal years (April to March) preceding the current fiscal year.

Contract Financial Rating: The Available Financial Rating or Available Tier Financial Rating a prospective bidder must have in order to submit a tender bid.

Contractor Registration Form (CRF): Form used to submit information in support of a contractor's Basic Financial Rating.

Current Ratio: A liquidity ratio that measures contractor's ability to pay its short-term obligations. It is calculated by dividing contractor's current assets by its current liabilities, where the current assets and current liabilities are determined in accordance with Section 26 of these procedures.

Debt to Equity Ratio: A ratio that is used to evaluate contractor's financial leverage. It is calculated by dividing contractor's total liabilities by its shareholder equity. The value of unsecured liabilities to employees, directors, shareholders that are deferred in accordance with Section 26 of these procedures is excluded from the calculation of this ratio.

Gross Margin: It is the percentage by which a contractor's profits exceed its cost of goods sold and is calculated as gross profit divided by total revenue and multiplied by 100.

Non-Qualified Contract: A contract that does not require the contractor to be a Rated Contractor.

Interim Application: A Rated Contractor wishing to have its Basic Financial Rating or Tier Financial Rating revised due to an improvement in its financial position or a change in its organizational structure may submit once in its fiscal year, information in the same form and in the same manner as for its annual Basic Financial Rating or Tier Financial Rating.

Joint Bid: A bid submitted for a Qualified Contract by entities that are not related or under Common Ownership and have not formed a corporation.

Joint Venture: A bid submitted for a Ministry contract by entities that are not related or under Common Ownership and have formed a corporation.

Maximum Workload Rating: The Available Maximum Workload Rating on a contract a prospective bidder must have in order to submit a tender bid.

MERX: Means the company engaged by the Ministry to provide electronic tendering services, which is a subsidiary of Mediagrif Interactive Technologies Inc.

Ministry: Means the “Ministry of Transportation of Ontario”.

Multi-Year Contract: A contract where the work cannot be completed in one calendar year with the number of working days stated in the contract, negotiated or a fixed completion date extending the length of the contract.

Non-Rated Contractor: A contractor that does not have a Basic Financial Rating/Tier Financial Rating or Maximum Workload Basic Rating in accordance with the Ministry’s Qualification Procedures for Contractors.

Qualified Contract: A contract that requires the contractor to be a Rated Contractor.

Procurement Process: A request for tender, request for proposal, expression of interest, request for quotation or any other request for offer issued by the Ministry.

Rated Contractor: A contractor that has applied for and been granted a Basic Financial Rating or Tier Financial Rating in accordance with the Ministry’s Qualification Procedures for Contractors.

Registry, Appraisal and Qualification System (RAQS): An electronic procurement portal for contractors hosted by MERX where the Ministry tenders its construction and maintenance contracts.

Reviewed Financial Statements: Financial statements that have been reviewed by an independent certified public accountant to provide an opinion on the basis of procedures which do not provide all the evidence that would be required in an audit.

Service Provider: The agency designated by the Ministry to provide electronic tendering services on behalf of the Ministry.

Shareholder Equity: It is the remaining amount of assets available to the shareholder(s) after all liabilities have been paid and is calculated as the difference between contractor's total assets and total liabilities.

Tender Closing or Tender Opening: The last date and time that the Ministry will receive bids.

Tender Registration Form (TRF): The Ministry approved form supplied by the Ministry and completed by the bidder to notify the Ministry of the bidder's intention to submit a bid on a Qualified Contract or Non-Qualified Contract in accordance with the Instructions to Bidders.

Tier Financial Rating: The rating for AM work classification calculated in accordance with Section 26 of these procedures.

Work-on-Hand: The total value of all construction and highway/road maintenance work a Rated Contractor agreed to undertake or has been recorded as low bidder, whether called by the Ministry, municipality or private developer/ owner.